



UNITED STATES SENATE
**REPUBLICAN
POLICY COMMITTEE**

Larry E. Craig, Chairman
Jade West, Staff Director

December 2, 1997

The U.S. Should Not Sign an Agreement Based on Kyoto Proposals

**As Kyoto Global Climate Change Talks Begin,
U.S. Team Seems Poised to Dangerous Compromising**

This week and until December 10, the United States will be involved in the final negotiations at the Third Conference of the Parties of the Framework Convention on Global Climate Change in Kyoto, Japan. With the announced departure from government of State Department Under Secretary Timothy Wirth (widely regarded as having ignored the economic implications of greenhouse gas emissions reductions), the U.S. Global Climate Change Treaty delegation is headed by Under Secretary Stuart Eizenstat. That may only bring marginal comfort, however, as it appears that treaty supporters led by Vice President Gore (now himself scheduled to go to Kyoto next week) appear determined to reach a legally binding treaty, even if it means departing from the U.S. position (to reduce greenhouse gas emissions to 1990 levels by 2008-2010), and agreeing to even larger cuts in emissions that are being proposed by Japan, Europe, and the developing countries.

Every Proposal on the Table Will Be Very Costly for Americans: Under the President's proposed treaty, America would have to cut its carbon dioxide emissions (mostly by cutting fossil fuel use) by 34 percent from projected 2010 levels. This will have enormous economic and social consequences. According to Charles River Associates, the United States would suffer a reduction in economic output of \$186 billion annually by 2010, and almost half a trillion dollars annually by 2030. Not only would hundreds of thousands of jobs be lost (or not created), many Americans, including those on fixed-incomes, would be severely challenged by the higher energy prices. And remember, the President's proposal is likely to be made worse if the U.S. negotiators compromise with the Japanese (5 percent below 1990 levels), the Europeans (15 percent below 1990 levels), or the developing world and China, who want 35 percent below 1990 levels by 2020.

The Proposals Are Unfair: The proposals circulating in Kyoto would unfairly disadvantage U.S. workers and their families. The Administration itself is pursuing a policy of reducing fossil emissions levels in 2008-2012 to 1990 levels -- a proposal whose

economic implications dwarf that of Clinton's proposed 1993 Btu tax [See RPC Paper, [Clinton's 'Think Globally, Tax Locally' Energy Plan](#) -- 10/22/97]. Worse, the official draft negotiating text on the table for discussion in Kyoto does not include *any* binding commitments for developing nations, and so *only* developed countries, such as the United States, will be forced to reduce carbon emissions.

- The official draft negotiating text gives the European Union nations a free ride under a "bubble" theory that permits some European countries to increase emissions by as much as 40 percent, while offsets are found in other countries such as Germany and Great Britain which have undergone energy restructuring since 1990.

The Proposals Won't Work: Without the developing world and meaningful reductions by all nations, this treaty won't work. If this is a global problem, it must have a global solution.

- Despite the severe economic costs to the United States and other developed countries, greenhouse gas emissions will continue to rise in the developing world, especially in China, Brazil, India and other larger developing economies, effectively swamping any efforts by the developed world. China is expected to be the world's leader in carbon dioxide emissions by 2010-2015, as it pursues massive increases in electricity using its vast coal resources. Just last week, China again declared it would not accept limits on its greenhouse gas emissions.

The Proposals Represent Energy Quotas that Target the U.S.: The Kyoto Agreement has everything to do with economics and global competitiveness and little to do with the environment. This treaty essentially is an energy trade treaty that would allocate quotas on fossil energy use for countries around the globe -- and the big loser would be the United States.

The President's Own Proposal Undermines U.S. Sovereignty: The President's proposal would impose legally binding targets and contains the potential for U.N.-operated international emissions trading schemes that would assault U.S. sovereignty by giving unaccountable U.N. bureaucrats control over the economic and social well-being of private U.S. citizens.

The President Should Not Sign *any* Treaty in Kyoto: There is no harm in waiting, only harm in rushing into a bad treaty. Even the scientists who support a Kyoto treaty admit that the science does not demand immediate action.

- This treaty is simply not ready for prime time: the President's new chief negotiator has barely gotten his feet wet, and the pre-conditions set for the President by the

Senate in the Byrd/Hagel Resolution are not even on the table -- the developing world members have rejected any emissions reductions of their own, and there is no interest in removing the potential for serious economic harm to the United States.

- A two-step treaty process is unacceptable (we can't afford a "spending increases now, tax cuts later" from this Administration). Ninety-five senators are on record as saying the President should not sign *any* agreement in Kyoto that hurts Americans, especially a treaty that omits the developing world and relies on a promise by developing countries that they will come along "down the road" (The Byrd/Hagel Resolution passed 95-0 on July 25, 1997 -- [Roll Call Vote No. 205](#)).
- The President should not sell out the U.S. economy for short-term political credit when the environmental solutions require long-term capital investments and technological advances and the full participation of all countries.

RPC Staff Contact: Mark Whitenton, 224-2946